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DIRECTORATE OF
INTELLIGENCE

Intelligence Report

The Economic Situation in South Vietnam (Weekly)

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

The Economic Situation in South Vietnam

Summary

The urban share of South Vietnam's population has increased rapidly in recent years--from one fifth to at least a third or more--as a result of insecurity in the countryside and the attraction of better jobs in the cities. Saigon is now among the world's most densely populated cities. A survey of Saigon immigrants indicated that they, unlike refugees or migrants in other parts of the country, have had no difficulty finding jobs and in many cases their new jobs are better than those they had prior to moving. Most of those interviewed were uncertain whether they would remain in Saigon permanently.

Retail prices in Saigon were stable during the week ending 17 March at a level two percent below that of 6 January. Domestic rice prices declined slightly as deliveries from the new crop increased. Prices of imported goods also were steady, and free market currency and gold rates were mixed.

ANNEX: Weekly Retail Prices in Saigon
(table)
Monthly and Weekly Currency and
Gold Prices (graph)

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Urbanization in South Vietnam

1. Fleeing from the insecurity of the countryside and attracted by employment opportunities in the cities, the people of South Vietnam have crowded into urban areas at a rapid rate in recent years. At the beginning of this decade, about 20 percent of the population resided in urban areas and 80 percent in rural areas. Estimates of the share of the population now in urban areas range from 33 to 50 percent. Population estimates made by the GVN National Institute of Statistics (NIS) for the major urban centers other than Saigon are as follows (in thousands of persons):

	<u>1960</u>	<u>1967</u>	<u>Percentage Increase</u>
My Tho	40	63	58
Can Tho	49	61	24
Nha Trang	49	60	22
Da Lat	49	83	69
Hue	104	138	33
Da Nang	105	269	156

2. Data gathered in sample surveys by the NIS show that the population of Saigon-Cholon increased from 1.2 million in 1958 to 1.7 million in 1967. Estimates made by various non-Vietnamese groups show an increase from 1.8 million in 1958 to as much as 2.8 million in 1967. It is not clear in either case whether the data cover only the area of the Saigon prefecture or also include suburban areas around the city. Regardless of which data are used, however, it is clear that Saigon's population has increased rapidly--by 40 to 60 percent--during the last ten years. Not only has the population increased rapidly, but, because of insecurity, poor transportation facilities, and natural barriers such as swamps, there has been no major expansion of the urban land area. Saigon is now among the world's most densely populated cities.

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3. According to an April 1967 survey of Saigon conducted by an American research firm among 68 immigrant families in one section of the city, 56 percent of those interviewed said insecurity in their home villages was the major reason they moved to Saigon. Almost 30 percent of the sample, however, said they moved to the city looking for a better life or to earn more money--factors common to most rural-urban migrations. Most of the remainder were encouraged to leave their hamlets by friends or relatives already in Saigon. All of the families interviewed came from rural areas in provinces near Saigon and all had moved directly from their hamlets to Saigon without intermediate stays in provincial towns. Over half of the families had been in Saigon four years or less. Only 25 percent, however, had come to Saigon during the two years prior to the survey date, indicating that the urbanization process started long before the mass refugee flow that began in South Vietnam in late 1965 as hostilities escalated.

4. Unlike refugees or migrants in other parts of South Vietnam, all but one of the heads of households interviewed were employed, and many were working at jobs of greater skill and higher pay than they had prior to moving. About 60 percent of the heads of households previously had been engaged in farming and another 20 percent in government service or commerce. After moving to Saigon 40 percent became laborers, 26 percent went into government service--civil, military or police--and most of the remainder were in commerce or working as drivers or maids.

5. An attempt to determine whether the immigrants' resettlement in Saigon was permanent--an important question for postwar planners--produced inconclusive results. One fourth of the families interviewed indicated they would stay in Saigon regardless of the security or employment situation. The remainder, however, indicated they were uncertain and that their decisions would be based on many factors such as the war, their jobs, their housing conditions, and whether they still had relatives in their native hamlets.

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Prices

6. The Saigon retail price index was unchanged during the week ending 17 March at a level two percent below that of 6 January. The food price index was stable as higher prices for fish, shrimp, and chicken were offset by lower prices for rice, pork, and several vegetables. Higher fish prices were attributed to a reduction in supplies as the end of the fishing season approaches. Lower prices for intermediate grades of domestic rice probably resulted from the large deliveries of newly harvested rice which currently are arriving in Saigon. Among nonfood items, prices of charcoal and calico declined slightly while all others were unchanged. The USAID price index for selected imported goods also was stable, although prices of construction materials, chemicals, and fertilizer increased slightly as the effect of the US dock strike began to be felt. (A table of weekly retail prices in Saigon is included in the Annex.)

Currency and Gold

7. Free market currency and gold prices were mixed during the week ending 17 March. The price of MPC (scrip) was unchanged at 150 piasters per dollar, while the price of dollars increased two piasters to 194 piasters per dollar. The price of a dollar's worth of gold leaf, however, declined two piasters to 287 piasters. (A graph on monthly and weekly currency and gold prices is included in the Annex.)

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TABLE
Weekly Retail Prices in Saigon^{a/}

	2 Jan 1968	6 Jan 1969	24 Feb 1969	3 Mar 1969	10 Mar 1969	17 Mar 1969
Index for All Items	<u>308</u>	<u>400</u>	<u>406</u>	<u>403</u>	<u>392</u>	<u>392</u>
Index for Food Items	<u>344</u>	<u>443</u>	<u>457</u>	<u>454</u>	<u>439</u>	<u>440</u>
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	2,500	3,100	3,150	3,200	3,200	3,100
Pork Bellies (1 kg.)	220	260	240	250	230	220
Fish-Ca Tre (1 kg.)	230	310	320	300	310	330
Nuoc Mam (jar)	150	220	220	220	220	220
Index for Nonfood Items	<u>241</u>	<u>319</u>	<u>312</u>	<u>309</u>	<u>306</u>	<u>303</u>
Of Which: (In Piasters)						
Firewood (cu. meter)	600	800	800	770	740	740
Cigarettes (pack)	14	22	22	22	22	22
White Calico (meter)	52	82	68	70	70	68
Kerosene (liter)	9	10	11	11	10	10

a. Data are from USAID sources. For indexes 1 Jan 1965 = 100.

